



**Comments of American Consumer Institute Center for Citizen Research
Regarding Docket No. ACR2020
Submitted to the United States Postal Regulatory Commission
January 27, 2021**

To the attention of the Commission:

The American Consumer Institute (“ACI”) remains appreciative of the opportunities to maintain open dialogue and submit comments on key matters for consideration by Commission, and further, we commend Commissioner Poling on assuming her new leadership role as Vice Chair.

For the U.S. Postal Service in 2020, our organization observes that the institution suffered numerous fiscal challenges including an overall net loss of \$9.2 billion.¹ This not only marks a continuation of the Postal Service’s fiscal concerns – with now 14 consecutive years of posting a net loss of a billion dollars or more – but also serves as an indicator that its capacities in achieving an independently sustainable operation have become incrementally dire.

Importantly, this round of USPS annual compliance marks the first since the Commission adopted its final rules to modify the rate system for classes of market dominant products. For specific items in question, ACI previously commented that the price cap methodologies applicable to the USPS have had an important role in supporting outcomes in which the agency can grow its earnings, and further we restate the values of having a price cap system that fulfills the expectations of predictability, productivity growth, transparency, and diminished administrative hurdles.²

We observe the Commission’s modifications to these mechanisms to account for density-driven portions of increases in costs, as well as measures to support revenue sufficiency for managing payments toward retirement obligations. As the Commission continues to assess these

¹ “U.S. Postal Service Reports Fiscal Year 2020 Results,” USPS, November 13, 2020, <https://about.usps.com/newsroom/national-releases/2020/1113-usps-reports-fiscal-year-2020-results.htm#:~:text=Operating%20revenue%20was%20%2473.1%20billion,%245.8%20billion%2C%20or%2025.3%20percent.&text=Package%20volume%20grew%20by%20nearly,the%20surge%20in%20e%2Dcommerce>.

² “Comments of American Consumer Institute Center for Citizen Research,” Regarding Docket No. RM2017-3, Submitted to the United States Postal Regulatory Commission, January 31, 2020, <https://www.theamericanconsumer.org/2020/01/aci-files-comments-to-u-s-postal-regulatory-commission-proceeding/>.

frameworks for pricing efficiency, we urge this regulatory body to identify best practices and implement a formal process for applying more effective remedies to Postal Service's competitive and parcel segments for which transparency is especially lacking. This may further entail communications to relevant elected leaders on assessing elements of the key statutes governing the Postal Service's accounting methods.

Competitive products are accounting for an increasingly large share of the USPS' delivery functions – a trend that has notably accelerated throughout the pandemic. The cost inputs associated with the shifts in the full balance of services fulfilled by USPS are also magnified by prioritization measures that should be of interest to the Commission.

First, the Postal Service remains poised for outlays totaling approximately \$6 billion for new vehicle fleets, which are scheduled to begin in the federal government's second fiscal quarter of 2021.³ As truck contracts in this initiative incrementally reach completion, we ask the Commission to establish appropriate transparency requirements for deployment within operations. This should entail thorough notations of the products' cost assignments relative to the commercial purposes that they most directly serve.

Further, in regard to successful performance metrics, industry data reveals that parcels scheduled for delivery on key peak delivery days in 2020 (between December 20th and 26th) was 94.7% for USPS.⁴ By contrast, the most recent quarterly performance rates for single-piece First-Class Mail lagged significant behind at 88.2% on time (Two-Day Mail) and 72.1% on time (Three-To-Five Day Mail).⁵

The Postal Service's inability to meet on-time delivery targets for Market Dominant items has remained under the microscope of the Commission for multiple years as a primary matter for corrective action, and these commitments to its largest base of consumers are further complicated by growing endeavors in competitive market environments that should be more closely monitored.

The cost inputs associated with both enhanced delivery performance and the profligate means of delivery transportation are undoubtedly weighing heavily on the Postal Service's bottom line. Surely, the Commission is similarly inquisitive of this dynamic, and our organization looks forward to assisting future assessments of how relevant products are financing their share of costs to the institution and exploring measures that can deter risks of further comingling the finances of multiple products.

³ "Postal Service Delays Mail Truck Replacement Contract Again," *Trucks.com*, December 1, 2020, <https://www.trucks.com/2020/12/01/postal-service-delays-mail-truck-replacement-contract-again/>.

⁴ ShipMatrix, press release, January 5, 2021, https://shipmatrix.com/wp-content/uploads/2021/01/SM_-Over-3-billion-parcels-delivered-in-peak-2020-Jan-5-2021.pdf.

⁵ "Quarterly Performance for Single-Piece First-Class Mail," USPS, Quarter IV, FY2020, <https://about.usps.com/what/performance/service-performance/fy2020-q4-single-piece-first-class-mail-quarterly-performance.pdf>.

Thank you for your consideration of our observations and analyses. We look forward to continuing our work on postal regulatory matters in order to best serve the agency's vast and diverse consumer base.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "S. Pociask".

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